

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

ROHR, INC.,

Plaintiff,

vs.

UPS-SUPPLY CHAIN SOLUTIONS,  
INC., et al.,

Defendants.

CASE NO. 11cv617-GPC (WVG)

**ORDER:**

**(1) GRANTING IN PART AND  
DENYING IN PART DEFENDANT  
UPS-SUPPLY CHAIN SOLUTIONS,  
INC.'S MOTION FOR PARTIAL  
SUMMARY JUDGMENT;**

[Doc. No. 61]

**(2) DENYING PLAINTIFF ROHR,  
INC.'S MOTION FOR PARTIAL  
SUMMARY JUDGMENT;**

[Doc. No. 62]

**(3) DENYING DEFENDANT  
KNIGHT TRANSPORTATION,  
INC.'S RENEWED MOTION FOR  
PARTIAL SUMMARY JUDGMENT**

[Doc. No. 64]

This action arises out of two international shipments of cargo between Italy and Southern California. In both instances, after arriving at port unharmed, the cargo sustained damage while en route to a final inland destination. Plaintiff Rohr, Inc. ("Rohr") and Defendant UPS-Supply Chain Solutions, Inc. ("UPS-SCS") have filed motions for partial summary judgment addressing the following issues: (1) whether the Carmack Amendment to the Interstate Commerce Act imposes liability

1 on UPS-SCS for damage to the cargo; if so, (2) whether the liability of UPS-SCS is  
 2 contractually limited; and (3) whether the limitations on liability, if any, are valid  
 3 and enforceable. Rohr also moves for partial summary judgment as to the liability  
 4 of Defendant Knight Transportation, Inc. (“Knight”). Knight has filed a renewed  
 5 motion for partial summary judgment, arguing that the Carriage of Goods by Sea  
 6 Act limits its liability for damages to cargo incurred during the first shipment. For  
 7 the reasons set forth below, the Court **GRANTS IN PART** and **DENIES IN PART**  
 8 UPS-SCS’s motion, **DENIES** Knight’s motion, and **DENIES** Rohr’s motion in  
 9 substantial part.

#### 10 PROCEDURAL BACKGROUND

11 Rohr initiated this action against UPS-SCS, Knight, and CAL Modal Freight  
 12 Systems, Inc. (“CAL Modal”) on March 21, 2011. *See* Doc. No. 1. Rohr’s original  
 13 complaint alleges two breach of contract claims against UPS-SCS, brought pursuant  
 14 to the Carmack Amendment to the Interstate Commerce Act, 49 U.S.C. § 14706  
 15 (“Carmack”); a Carmack breach of contract claim against Knight; and five separate  
 16 claims against CAL Modal, including breach of contract under Carmack,  
 17 conversion, trespass to chattel, negligence, and negligence *per se*. *Id.* ¶¶ 31-76.

18 Subsequent to service of the original complaint, UPS-SCS filed cross-claims  
 19 against Knight and CAL Modal for indemnification, equitable partial  
 20 indemnification, and contribution. *See* Doc. No. 11. Knight also filed cross-claims  
 21 against UPS-SCS for equitable indemnity and apportionment. *See* Doc. No. 7.

22 Rohr served a summons and the original complaint on CAL Modal on April  
 23 7, 2011. CAL Modal’s response to the complaint was due on April 28, 2011. *See*  
 24 Doc. No. 5. UPS-SCS served CAL Modal with the cross-claims on June 8, 2011.  
 25 CAL Modal’s response to the cross-claims was due on June 29, 2011. *See* Doc. No.  
 26 18. CAL Modal failed to file an answer or otherwise respond to either Rohr or  
 27 UPS-SCS’s allegations, and the Clerk of Court entered default against CAL Modal  
 28 on all claims and cross-claims. *See* Doc. Nos. 29, 31.

1 On March 13, 2012, Knight filed a motion for partial summary judgment on  
 2 the issue of its limited liability for damages incurred by the cargo it transported.  
 3 See Doc. No. 45. The Court held a hearing on June 4, 2012 and denied the motion  
 4 on the record.<sup>1</sup> See Doc. No. 60.

5 On April 18, 2012, the Court granted Rohr leave to file a First Amended  
 6 Complaint, adding six claims against UPS-SCS for negligence, gross negligence,  
 7 and negligence *per se*. See Doc. No. 50. Soon thereafter, the Court issued an order  
 8 granting Rohr and UPS-SCS leave to delay moving for entry of default judgment  
 9 against CAL Modal until a determination is made as to the amount of damages  
 10 owed to Rohr, if any, and by whom. See Doc. No. 57.

11 Discovery closed on May 18, 2012. See Amended Scheduling Order ¶ 4,  
 12 Doc. No. 44. Rohr and UPS-SCS timely filed motions for partial summary  
 13 judgment on June 15, 2012. *Id.* ¶ 5 (setting a June 15, 2012 deadline for filing  
 14 dispositive motions); Doc. Nos. 61, 62. Knight filed a self-styled “renewed” motion  
 15 for partial summary judgment on July 31, 2012. See Doc. No. 64.

### 16 FACTUAL BACKGROUND<sup>2</sup>

17 Rohr is a wholly-owned subsidiary of Goodrich Corporation and is  
 18 headquartered in Chula Vista, California.<sup>3</sup> See Rohr’s Memo. ISO MPSJ, Doc. No.  
 19 62-1 at 3. Rohr manufactures aerospace equipment, such as nacelle systems for  
 20 commercial and military aircraft.<sup>4</sup> UPS-SCS is a subsidiary of United Parcel

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22 <sup>1</sup> The Honorable John A. Houston, presiding. This matter was transferred to the undersigned  
 23 on October 4, 2012. See Doc. No. 82.

24 <sup>2</sup> These facts are taken from the parties’ Statements of Undisputed Facts, and responses thereto,  
 25 unless otherwise cited. See Doc. Nos. 61, 62-2, 67, 70-1, 71-1, 72-8, 73-2. These facts are not  
 reasonably in dispute, unless otherwise noted.

26 <sup>3</sup> Goodrich Corporation (formerly BF Goodrich) acquired Rohr as a wholly-owned subsidiary  
 27 in 1997. Rohr is now referred to by Goodrich as “Goodrich Aerostructures.” See *Innovation and  
 History*, <http://www.goodrich.com/Goodrich/Businesses/Aerostructures/Innovation-and-History> (last  
 visited Mar. 13, 2013). Goodrich Aerostructures generally will be referred to herein as “Rohr.”

28 <sup>4</sup> “Nacelles are the aerodynamic structures that surround aircraft engines.” See Dalen Decl’n  
 ISO Rohr’s MPSJ (“Dalen Decl’n”), Ex. 1.

1 Services. Rohr and UPS-SCS entered into two separate contractual agreements that  
 2 are relevant to this dispute. Both agreements were in effect at the time of the events  
 3 in question.

4 ***The Subject Agreements Between Rohr and UPS-SCS***

5 On May 9, 2007, UPS-SCS and Goodrich, on behalf of its divisions,  
 6 subsidiaries, and affiliates, including Rohr, entered into a Master Services  
 7 Agreement (“MSA”), effective at the time of the events in question. The MSA  
 8 provides that its terms apply to services rendered by UPS-SCS to Goodrich in  
 9 accordance with five Exhibits or Statements of Work attached to the MSA,  
 10 including International Air Freight Service (Ex. A), Small Package Transportation  
 11 Service (Ex. B), Trade Direct Service (Ex. C), Less Than Truckload Service (Ex.  
 12 D), and Importer Security Filing Services (Ex. E).

13 According to the terms of paragraph 11D of the MSA, UPS-SCS’s maximum  
 14 liability for claims by Goodrich for loss or damage to cargo arising from UPS-SCS  
 15 providing “freight forwarding or motor broker Services, including arranging for  
 16 inland or air transportation, [is] \$50 per shipment . . .”<sup>5</sup> The MSA also provides that  
 17 UPS-SCS’s maximum liability for loss or damage to cargo “arising from air, ground  
 18 or ocean transportation” is \$0.50 per pound, unless set forth otherwise “in the bills  
 19 of lading, airway bills or other transportation documents issued in conjunction with  
 20 the Services.”<sup>6</sup>

21 A Customs Brokerage Services Agreement (“CBSA”) also exists between  
 22 UPS-SCS and Goodrich, by which UPS-SCS has agreed to act as a customs broker  
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25 <sup>5</sup> The MSA is attached as an exhibit in support of both Rohr’s and UPS-SCS’s motions for  
 26 partial summary judgment. *See* Lindsay Decl’n ISO UPS-SCS’s MPSJ (“Lindsay Decl’n”), Ex. 1;  
 27 Dalen Decl’n, Ex. 5 (Vandergrift Depo., Ex. 1).

28 <sup>6</sup> Rohr does not challenge the correctness of these quotes from the MSA but disputes UPS-  
 SCS’s assertion that the MSA applies to the two shipments at issue. *See* Rohr’s Statement of  
 Undisputed Facts ISO Response in Opp’n, Doc. No. 71-1 ¶¶ 5-8.

1 for Goodrich, assisting in the importation and exportation of cargo.<sup>7</sup> According to  
 2 the terms of the CBSA, in certain instances UPS-SCS will act on behalf of  
 3 Goodrich, its divisions, subsidiaries, and affiliates, including Rohr, in arranging  
 4 inland transportation of imported cargo.<sup>8</sup> In furtherance thereof, the CBSA provides  
 5 that UPS-SCS “shall prepare, and submit to carrier, inland bills of lading or pick-up  
 6 delivery orders for prompt removal of merchandise from piers of cargo holding  
 7 areas.” Pursuant to the CBSA, UPS-SCS is not liable for loss or damage to cargo  
 8 when the cargo is “in the possession, custody, or control of third parties selected by  
 9 [UPS-SCS]” for transportation. Similar to the MSA, the CBSA limits UPS-SCS’s  
 10 liability for loss or damages to the lesser of \$50 per shipment or the fees charged for  
 11 UPS-SCS’s services.

12 In conjunction with the CBSA, Goodrich provided UPS-SCS with a Customs  
 13 Power of Attorney and Designation of Export Forwarding Agent (“Customs POA”).  
 14 Pursuant to the terms of the Customs POA, Goodrich authorizes UPS-SCS and “its  
 15 officers, employees, and specifically authorized agents to act for and on its behalf . .  
 16 . full power and authority to do anything whatever requisite and necessary to be  
 17 done in the premises as fully as said grantor could do if present and acting . . .”<sup>9</sup>  
 18 The Customs POA incorporates the limitation of liability set forth in the CBSA.

### 19 *The First Shipment*

20 On October 15, 2009, Vela Poe, Global Logistics Manager for Rohr,  
 21 contacted Kathy Nicely, a Program Manager with UPS-SCS, via email, requesting a  
 22 quote for the shipment of 787 GE Tooling equipment from Italy to Riverside,  
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24 <sup>7</sup> The CBSA is attached as an exhibit in support of both Rohr’s and UPS-SCS’s motions for  
 25 partial summary judgment. *See* Lindsay Decl’n, Ex. 2; Dalen Decl’n, Ex. 5 (Van der Tooren Depo.,  
 Ex. 2).

26 <sup>8</sup> Rohr does not dispute these terms, as provided in the CBSA, but disagrees with UPS-SCS’s  
 27 assertion that these terms affect UPS-SCS’s liability for the subject damages. *See* Doc. No. 71-1 ¶¶  
 14-15.

28 <sup>9</sup> Rohr does not dispute the quoted terms of the Customs POS, but disagrees with UPS-SCS’s  
 characterization of the document.

1 California. *See* Dalen Decl’n, Ex. 9 (email string referred to herein). Nicely  
 2 forwarded Poe’s email to several individuals employed by UPS-SCS (Italy) in  
 3 Milan, Italy. Silvana Catalano, with the Italy Pricing Analyst Group at UPS-SCS  
 4 (Italy), emailed Kathy on October 22, 2009 with a quote for the shipment of the  
 5 cargo from the shipper/exporter’s factory in Venegono Superiore, Italy to Los  
 6 Angeles. The quote was broken down into several constituent parts, including:  
 7 loading and trucking cargo from Venegono to La Spezia, Italy; ocean freight from  
 8 La Spezia to Los Angeles; export customs clearance; and related fees. Rohr  
 9 accepted the quote, with customs entry services to be performed separately by UPS-  
 10 SCS’s Customs Team.

11 UPS Europe SA, a non-vessel operating common carrier (“NVOCC”), filed  
 12 the tariff for ocean transportation of the shipment. UPS Europe SA arranged the  
 13 transportation of the cargo from the factory in Italy to the Port of Long Beach and  
 14 issued sea waybill no. 7141001703 (“Bill 1703”) to cover that leg of the journey.<sup>10</sup>  
 15 Bill 1703 designated Venegono Superiore as the “Place of Receipt” and Long  
 16 Beach, California as the “Place of Delivery.” The cargo was described as consisting  
 17 of three containers, including two standard 40’ containers and one 40’ flat rack, the  
 18 latter for transporting two crates containing a bonding and trimming tool.<sup>11</sup> Bill  
 19 1703 has a designated box on its face for declaring a value for cargo in excess of  
 20 UPS-SCS’s liability limitations. This box was left blank.

21 Prior to the cargo being released at the port, UPS-SCS cleared the shipment  
 22 through U.S. Customs. UPS-SCS issued a Delivery Instruction to Knight  
 23 Transportation, permitting Knight to pick up the cargo at the port terminal. The  
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25 <sup>10</sup> A sea waybill is another term for a bill of lading. *Hartford Fire Ins. Co. v. Novocargo*  
 26 *U.S.A. Inc.*, 257 F. Supp. 2d 665, 668 n.1 (S.D.N.Y. 2003), citing *Jessica Howard Ltd. v. Norfolk S.*  
*R.R. Co.*, 316 F.3d 165, 169 n.1 (2d Cir. 2003).

27 <sup>11</sup> “Cargo which cannot be placed in a standard container due to being too tall or too wide is  
 28 typically transported on an ocean container called a flat rack. A flat rack is a container with a metal  
 base and no walls to permit oversized cargo to be loaded on the flat rack for transit.” *See* UPS-SCS  
 Statement of Undisputed Facts, Doc. No. 61 ¶ 31.

1 Delivery Instruction identified the three containers, including the two crates being  
2 transported on the 40' flat rack.

3 On December 3, 2009, Jose Martinez, a driver for Knight, arrived at the port  
4 and located the cargo on the 40' flat rack situated on a standard container chassis.  
5 Martinez did not measure the height of the cargo as it sat on the chassis and flat rack  
6 to determine if it was within the legal limit to transport on a public highway in  
7 California. Martinez did not know the maximum allowable height. During the  
8 inland transportation from the port to Riverside, California, Martinez attempted to  
9 travel under a bridge posted for clearance of 14'9". The cargo measured more than  
10 15' above the roadway. As a result, the cargo struck the overpass and was damaged.

### 11 *The Second Shipment*

12 Rohr requested a second quote from UPS-SCS for the shipment of two crates  
13 containing bonding tools, identical to those included in the first shipment but  
14 slightly taller. UPS Europe SA issued sea waybill no. 7141002550 ("Bill 2550") to  
15 cover transportation of the cargo from Italy to the Port of Long Beach. Similar to  
16 Bill 1703, Bill 2550 has a designated box on its face for declaring a value for cargo  
17 in excess of UPS-SCS's liability limitations. This box was left blank.

18 Prior to the cargo being released at the port, UPS-SCS cleared the shipment  
19 through U.S. Customs. UPS Ocean Freight Services endeavored to appoint a local  
20 trucker to transport the cargo inland. To avoid a repeat of the accident with the first  
21 shipment, Rohr requested that the appointed company have a "low boy" or similar  
22 trailer which would allow the cargo to sit lower during transit than on a standard  
23 chassis. The inland transportation job was offered to CAL Modal. UPS-SCS issued  
24 a Delivery Instruction to CAL Modal which indicated "\*\*\*\*SPECIAL EQUIPMENT  
25 NEEDED\*\*\* FRT IS ON A 40' FLAT RACK." When CAL Modal received the  
26 Delivery Instruction, CAL Modal advised UPS-SCS that it did not have the special  
27 equipment needed and the arrangement was cancelled.

28 UPS-SCS appointed Look Transportation in place of CAL Modal. However,



1 CAL Modal dispatched a driver to pick up the cargo at the port. The CAL Modal  
 2 driver arrived at the port before the Look driver and exited the port with the cargo  
 3 on a standard chassis. Because the cargo was in excess of the maximum allowable  
 4 height limitation in California, the cargo struck a bridge during inland transit and  
 5 was damaged.

6 Each damaged shipment weighed 31,967 pounds. Rohr presented a claim for  
 7 the damaged cargo to its cargo insurance company and received payment for each of  
 8 the two shipments.<sup>12</sup>

### 9 SUMMARY JUDGMENT STANDARD

10 Pursuant to Federal Rule of Civil Procedure 56, a party is entitled to summary  
 11 judgment “if the pleadings, depositions, answers to interrogatories, and admissions  
 12 on file, together with the affidavits, if any, show that there is no genuine issue as to  
 13 any material fact and that the moving party is entitled to a judgment as a matter of  
 14 law.” *Hubbard v. 7-Eleven*, 433 F. Supp. 2d 1134, 1139 (S.D. Cal. 2006), citing  
 15 former Fed. R. Civ. P. 56(c)(2). “The moving party bears the initial burden to  
 16 demonstrate the absence of any genuine issue of material fact.” *Horphag Research*  
 17 *Ltd. v. Garcia*, 475 F.3d 1029, 1035 (9th Cir. 2007) (citation omitted). “Once the  
 18 moving party meets its initial burden, . . . the burden shifts to the nonmoving party  
 19 to set forth, by affidavit or as otherwise provided in Rule 56, specific facts showing  
 20 that there is a genuine issue for trial.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S.  
 21 242, 248 (1986) (internal quotation marks and citations omitted).

22 A mere scintilla of evidence is not sufficient “to defeat a properly supported  
 23 motion for summary judgment; instead, the nonmoving party must introduce some  
 24 ‘significant probative evidence tending to support the complaint.’” *Fazio v. City &*  
 25 *County of San Francisco*, 125 F.3d 1328, 1331 (9th Cir. 1997), quoting *Anderson*,  
 26 477 U.S. at 249, 252. Thus, in opposing a summary judgment motion, it is not

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28 <sup>12</sup> Rohr’s insurer, CNA Insurance, brings this action in Rohr’s name for subrogation recovery.  
 See UPS-SCS’s Memo. ISO MPSJ, Doc. No. 61 at 4.



1 enough to simply show that there is some metaphysical doubt as to the material  
2 facts. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986)  
3 (citations omitted). However, when assessing the record to determine whether there  
4 is a “genuine issue for trial,” the court must “view the evidence in the light most  
5 favorable to the nonmoving party, drawing all reasonable inferences in his favor.”  
6 *Horphag*, 475 F.3d at 1035 (citation omitted). On summary judgment, the Court  
7 may not make credibility determinations; nor may it weigh conflicting evidence.  
8 *See Anderson*, 477 U.S. at 255. Thus, as framed by the Supreme Court, the ultimate  
9 question on a summary judgment motion is whether the evidence “presents a  
10 sufficient disagreement to require submission to a jury or whether it is so one-sided  
11 that one party must prevail as a matter of law.” *Id.* at 251-52.

#### 12 THE CARMACK AMENDMENT

13 In 1906, Congress enacted the Carmack Amendment to the Interstate  
14 Commerce Act (“Carmack”), 49 U.S.C. § 14706, with the purpose of “reliev[ing]  
15 shippers of the burden of searching out a particular negligent carrier from among  
16 the numerous carriers handling an interstate shipment of goods.” *Reider v.*  
17 *Thompson*, 339 U.S. 113, 119 (1950). Carmack “subjects common carriers and  
18 freight forwarders transporting cargo in interstate commerce to absolute liability for  
19 actual loss or injury to property.” *Ins. Co. of N. Am. v. NNR Aircargo Serv. (USA),*  
20 *Inc.*, 201 F.3d 1111, 1115 (9th Cir. 2000), citing 49 U.S.C. § 14706(a). The statute  
21 serves as a shipper’s exclusive remedy for damaged property and preempts common  
22 law causes of action against such “carriers” and “freight forwarders.” *Hughes*  
23 *Aircraft Co. v. N. Am. Van Lines, Inc.*, 970 F.2d 609, 613 (9th Cir. 1992). Carmack  
24 does not apply to “brokers,” defined under 49 U.S.C. §13102(2) as “a person, other  
25 than a motor carrier . . . that as a principal or agent sells, offers for sale, negotiates  
26 for, or holds itself out by solicitation, advertisement, or otherwise as selling,  
27 providing, or arranging for, transportation by motor carrier for compensation.” *Id.*  
28 at 1068-69.

**UPS-SCS's MOTION FOR PARTIAL SUMMARY JUDGMENT**

UPS-SCS moves for partial summary judgment against Rohr, arguing that its liability for damages to cargo during the subject shipments, if any, is contractually limited to either \$50.00 per shipment or \$0.50 per pound. UPS-SCS directs the Court to pertinent provisions in both the MSA and CBSA. Both contracts contain limitations of liability, as discussed above. UPS-SCS contends that in each instance, the limitation provisions were freely negotiated with Rohr and are valid under both Carmack and federal common law.

Rohr argues that neither the MSA nor the CBSA cover the subject shipments.<sup>13</sup> According to Rohr, the five services to be performed by UPS-SCS under the terms of the MSA do not include ocean transportation. As such, the MSA's liability limitation is inapplicable. Rohr further asserts that the limitation on UPS-SCS's liability set forth in the CBSA is irrelevant because UPS-SCS was not acting as a customs broker. Rohr argues that UPS-SCS acted as a freight forwarder and/or motor carrier when arranging the two shipments of cargo, and therefore Carmack applies here.<sup>14</sup> Rohr contends that under Carmack the liability limitations in the MSA and CBSA are not valid.

***Master Services Agreement***

Paragraph 11D of the MSA limits UPS-SCS's liability to Rohr for loss or damage to goods to a maximum of \$50 per shipment, if UPS-SCS provides freight forwarding or motor broker services, including "arranging for inland or air transportation." See Lindsay Decl'n, Ex. 1. If UPS-SCS provides air, ground, or ocean transportation services, liability is limited according to the terms and

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<sup>13</sup> Rohr cross-moves for summary judgment on this issue and requests that the Court find as a matter of law that neither the MSA nor the CBSA limit UPS-SCS's liability, if any, for the subject losses. See Doc. No. 62-1 at 18. Rohr's summary judgment motion is discussed in detail *infra*.

<sup>14</sup> Both parties include substantial argument in their memoranda regarding the classification of UPS-SCS's role with respect to the two subject shipments. Although the classification of UPS-SCS's role as a motor carrier, freight forwarder, or broker will determine whether Carmack applies, that determination is not germane to whether UPS-SCS's liability, if any, is contractually limited.

1 conditions set forth in the issued bill of lading, airway bill, or “other transportation  
2 document.” *Id.* If a bill of lading or other transportation document issued for  
3 ground transportation services does not include any liability limit, the MSA limits  
4 UPS-SCS’s liability to \$0.50 per pound. *Id.*

5 The terms and conditions of the MSA do not limit UPS-SCS’s potential  
6 liability to Rohr in this case, however, unless a threshold condition is met: with  
7 respect to the subject shipments, UPS-SCS must have performed one or more of the  
8 services set forth in the five Exhibits to the MSA.<sup>15</sup> UPS-SCS’s position on this  
9 issue is a bit amorphous. In its Statement of Undisputed Facts, UPS-SCS states:

10 UPS-SCS required the inclusion of paragraph 11D and its reference to  
11 ocean transportation in its liability limitation provision in the event  
12 Goodrich requested UPS-SCS *provide service outside the services*  
13 *described in the Exhibits to the MSA where, as here, there was not*  
*another Exhibit attached to the MSA which described the specific services*  
*requested by Goodrich for a particular requested transportation of cargo.*

14 See Doc. No. 61 at 6, ¶10 (emphasis added). Despite this apparent admission that  
15 the services related to the subject shipments fall outside the parameters of the  
16 Exhibits to the MSA, UPS-SCS maintains that those services are covered by the  
17 MSA because the services relate to ocean imports. In turn, the terms set forth in  
18 Exhibit E, Importer Security Filing (“ISF”) services, are applicable to ocean  
19 imports.<sup>16</sup> ISF services are only needed for goods being imported into the United  
20 States via ocean transportation.<sup>17</sup> Thus, UPS-SCS argues that Exhibit E and the

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22 <sup>15</sup> Paragraph 1A provides that UPS-SCS, “or its designated affiliate, will perform the Services  
23 specified in the Exhibits referencing this MSA and executed by the Parties. Each Exhibit may have  
24 attached one or more statements of work (“SOWs”) and appendices (“Appendix”). Each such Exhibit,  
SOW, and Appendix is an “Incorporated Document.” This MSA and the Incorporated Documents are  
the “Agreement.” See Lindsay Decl’n, Ex. 1.

25 <sup>16</sup> It appears to be undisputed that UPS-SCS did not perform any of the services set forth in  
26 Exhibits A-D of the MSA, in relation to the subject shipments.

27 <sup>17</sup> UPS-SCS offers the Declaration of Eva Yablonsky in support of this position. See Doc. No.  
28 61-1. Rohr argues that the Court should strike the Yablonsky Declaration because Ms. Yablonsky  
lacks personal knowledge of the MSA negotiations, attempts to interpret the terms of the MSA, and  
relies on inadmissible hearsay. See Doc. No. 71 at 22-23. The Court finds that the declaration should  
not be stricken from the record. However, to the extent Rohr objects to paragraphs 8, 9, and 11 of the

1 MSA clearly *contemplate* the provision of services related to ocean imports, so that  
2 the liability limitation of the MSA applies to the subject shipments.

3 Rohr responds that none of the Exhibits to the MSA cover the services  
4 provided by UPS-SCS in relation to the two shipments of cargo. Rohr points out  
5 that while Exhibit E applies to ISF services for the importation of goods into the  
6 United States by ocean, it does not cover the actual transportation of such goods.

7 The Court agrees with Rohr that the services provided by UPS-SCS in  
8 relation to the subject shipments are not described in any of the Exhibits to the  
9 MSA. And there is no evidence in the record that UPS-SCS provided ISF services  
10 to Rohr in connection with either shipment. The price quotes from UPS-SCS,  
11 accepted by Rohr, do not include ISF services or related fees. Appendix A to  
12 Exhibit E contains a schedule of such fees. There is no documentation in the record  
13 demonstrating that Rohr paid any of these fees to UPS-SCS for the subject  
14 shipments.

15 Exhibit E contains its own limitation of liability in paragraph 4.3, such that  
16 “[i]n connection with all services performed by the Company [UPS-SCS], the  
17 Company’s liability shall be limited to \$50.00 per importer security filing or  
18 transaction, or the amount of fees paid to the Company for the importer security  
19 filing or transaction, whichever is more.” In order for the MSA to apply to the  
20 subject shipments, UPS-SCS had to provide services set forth in one or more of the  
21 Exhibits. If UPS-SCS had provided any ISF services per Exhibit E to Rohr for the  
22 subject shipments, the terms of Exhibit E would have controlled UPS-SCS’s  
23 liability. The Exhibit E liability clause conflicts with paragraph 11D of the MSA,  
24 and by its own terms, Exhibit E controls in the event of a conflict. Yet UPS-SCS  
25 does not argue that its liability in this case should be limited to \$50 per importer  
26 security filing or transaction, or the related amount of fees; UPS-SCS steadfastly

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 declaration as impermissible contract interpretation, the Court sustains the objection and does not consider those portions of Ms. Yablonsky’s declaration.

1 urges that its liability, if any, is limited to \$50 per shipment, or \$0.50 per pound.  
2 UPS-SCS's reliance on paragraph 11D is reconcilable with the express terms of  
3 Exhibit E only if no ISF services were performed, or in the alternative, if any loss or  
4 damage to the goods resulted from other services. In either event, Exhibit E would  
5 be inapplicable. However, any services outside the parameters of Exhibit E would  
6 have to be covered by one of the other Exhibits in order for the MSA (and  
7 paragraph 11D) to apply. It is undisputed that the services provided to Rohr with  
8 respect to the two shipments are not covered by any of the other Exhibits.

9 Finally, the Court notes that Exhibit E was entered into and went into effect  
10 on October 15, 2009, the same day that Rohr initially contacted UPS-SCS for a  
11 price quote for the first shipment. The ensuing week-long chain of email  
12 communications does not indicate that either party contemplated UPS-SCS  
13 providing ISF services for Rohr in connection with the shipment. Indeed, the ISF  
14 regulations, although implemented on January 26, 2009, were subject to a delayed  
15 enforcement period of twelve months. *See* 19 C.F.R. § 149.2 ("ISF Importers must  
16 comply with the requirements of this section on and after January 26, 2010."). The  
17 delayed enforcement period likely explains in part why UPS-SCS did not enter into  
18 an ISF services agreement with Rohr until October 2009, 10 months after the  
19 regulations were implemented, and why neither quote included any ISF service fees.

20 In sum, the Court finds that the MSA does not limit UPS-SCS's liability, if  
21 any, with respect to the subject shipments. Accordingly, the Court **DENIES IN**  
22 **PART** UPS-SCS's motion for partial summary judgment.

### 23 *Customs Brokerage Services Agreement*

24 UPS-SCS argues that the CBSA applies to limit its liability in this case  
25 because it acted solely as a customs broker for the subject shipments. Rohr  
26 acknowledges that UPS-SCS arranged for the cargo in both shipments to clear  
27 customs upon arrival in the United States, but asserts that in relation to the inland  
28 transportation of the cargo, UPS-SCS acted beyond the limited capacity of a

1 customs broker, as a freight forwarder or motor carrier. As such, Rohr argues that  
2 UPS-SCS's liability for damage to the cargo is not limited by the terms of the  
3 CBSA.

4 Paragraph 10 of the CBSA (Indemnification and Limitation of Liability)  
5 provides:

6 Except as otherwise provided in this Agreement, or any Appendix thereof,  
7 and except if such injury is due to Goodrich's or its agent's negligence,  
8 Company [UPS-SCS] shall indemnify and hold GOODRICH harmless  
9 against all losses to the extent caused by personal injury or property  
10 damage arising solely from any negligent act or omission of Company, its  
agents, employees, and sub-contractors. This section does not apply to  
losses arising from cargo loss, damage or delay, which is subject to the  
cargo handler or transportation provider's terms and conditions thereof or  
other contract entered by Goodrich for such services.

11 See Lindsay Decl'n, Ex. 2. Appendix IV to the CBSA sets forth the terms and  
12 conditions of UPS-SCS's services under the agreement, and contains several  
13 limitations on UPS-SCS's potential liability when acting as a customs broker.  
14 Paragraph 8 limits UPS-SCS's liability "for any loss, damage, expense or delay to  
15 the goods resulting from the negligence or other fault of the Company" to a  
16 maximum of \$50.00 per shipment. *Id.*

17 Paragraph 1 of Appendix IV (Services by Third Parties) explains that the  
18 limits set forth in paragraph 8 apply in the event UPS-SCS "carries, stores or  
19 otherwise physically handles" a shipment. Otherwise, UPS-SCS "assumes no  
20 liability as a carrier," "but undertakes only to use reasonable care in the selection of  
21 carriers, truckmen, lightermen, forwarders, customs brokers, agents, warehousemen  
22 and others to whom it may entrust the goods for transportation, cartage, handling  
23 and/or delivery and/or storage or otherwise." *Id.* Likewise, paragraph 2 of  
24 Appendix IV (Liability Limitations of Third Parties) states that UPS-SCS "shall  
25 under no circumstances be liable for any loss, damage, expense or delay to the  
26 goods for any reason whatsoever when said goods are in custody, possession or  
27 control of third parties selected by the Company to forward, enter and clear,  
28 transport or render other services with respect to such goods." *Id.*



1 When UPS-SCS acts as a customs broker for Rohr, the terms and conditions  
 2 of the CBSA apply.<sup>18</sup> If UPS-SCS is found to have acted solely as a customs broker  
 3 with respect to the subject shipments in this case, the CBSA will limit its liability  
 4 accordingly.<sup>19</sup>

5 Based on the foregoing, the Court **GRANTS IN PART** UPS-SCS's motion  
 6 for partial summary judgment.

7 **KNIGHT'S RENEWED MOTION FOR PARTIAL SUMMARY JUDGMENT**

8 Knight has filed a "renewed" motion for partial summary judgment against  
 9 Rohr, arguing that its liability for damages to cargo during the first shipment is  
 10 limited to \$500.00 per package pursuant to the Carriage of Goods by Sea Act  
 11 ("COGSA"), 46 U.S.C. § 1304(5). These are the same grounds upon which Knight  
 12 moved for partial summary judgment previously. Knight's argument once again  
 13 hinges on its interpretation of Bill 1703, issued by UPS Europe SA, as the contract  
 14 of carriage for the first shipment of cargo from Italy to Southern California.  
 15 According to Knight, Bill 1703 is a "through" bill of lading.<sup>20</sup>

16 Knight presents the July 26, 2012 deposition testimony of UPS-SCS's expert  
 17 Karen West as purportedly new evidence in support of this interpretation. Knight

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18 <sup>18</sup> Rohr argues that even if the Court finds the CBSA applicable, paragraph 10 of the CBSA  
 19 requires UPS-SCS to indemnify Rohr for damage to the cargo. Rohr ignores the first sentence of the  
 20 paragraph, however, which indicates that its provisions are excepted by any set forth in Appendix IV.

21 <sup>19</sup> UPS-SCS and Rohr seek a ruling as to the validity of the CBSA's liability limitations. UPS-  
 22 SCS argues that the relevant provisions are valid and enforceable pursuant to federal common law.  
 23 Rohr asserts that federal common law does not apply, and the provisions must be found invalid under  
 24 California state law which prohibits UPS-SCS from limiting its liability for gross negligence. Rohr  
 25 cites California Civil Code § 2175, which provides that a "common carrier" cannot contractually  
 26 exonerate itself from liability with respect to gross negligence, fraud, or other wrong acts. *See* Doc.  
 27 No. 74 at 8 (citing Cal. Civ. Code § 2175). However, if UPS-SCS is found to have acted as a customs  
 broker in relation to the two shipments then California's statutory scheme for liability as to common  
 carriers does not apply. *See Chubb Group of Ins. Cos. v. H.A. Transp. Sys.*, 243 F. Supp. 2d 1064,  
 1073 (C.D. Cal. 2002). Furthermore, paragraph 17F of the CBSA expressly provides that "[a]ll  
 questions concerning the validity and operation of this Agreement . . . shall be governed by the laws  
 of the State of Ohio." *See Lindsay Decl'n*, Ex. 2. Neither party addresses this provision nor provides  
 sufficient evidence to support their position on the issue. Therefore, the Court cannot determine on  
 the basis of the current record whether the CBSA's liability limitations are valid.

28 <sup>20</sup> "Through" bills of lading specifically cover both oceanic and inland legs of a journey in a  
 single document. *See Norfolk S. Ry. Co. v. Kirby*, 543 U.S. 14, 25-26 (2004).



1 claims that Ms. West testified during deposition that Bill 1703 is a “through” bill of  
 2 lading. As such, Knight contends that the terms and conditions of Bill 1703 apply  
 3 to both the oceanic and inland legs of the first shipment. Among these terms and  
 4 conditions is a limitation of the carrier’s liability to “\$500 per package, or for Goods  
 5 not shipped in packages, per customary freight unit.”<sup>21</sup> The terms and conditions  
 6 also include a Himalaya Clause <sup>22</sup> extending the benefit of this liability limitation to  
 7 “downstream parties expected to take part in the contract’s execution,” including  
 8 subcontractors and participating land carriers.<sup>23</sup> *Norfolk Southern Ry. v. James N.*  
 9 *Kirby, Pty Ltd.*, 543 U.S. 14, 20 (2004). As such a party, Knight argues that it  
 10 enjoys the benefit of the \$500 limitation on its liability for damages to cargo during  
 11 the first shipment.

12 Rohr opposes the motion on both procedural and substantive grounds. Rohr  
 13 argues that regardless of how Knight has styled the current motion, Knight  
 14 effectively seeks reconsideration of the Court’s denial of its previous motion for  
 15 partial summary judgment. Rohr asserts that because Knight has not satisfied any of  
 16 the grounds for reconsideration set forth in Federal Rule of Civil Procedure 60(b),  
 17 the Court must deny relief. Rohr also challenges the merits of Knight’s motion.  
 18 According to Rohr, Bill 1703 is properly classified as a “port to port” bill of lading.  
 19 As a result, the terms and conditions of Bill 1703 do not extend to Knight, and it

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21 The Terms and Conditions of Bill 1703 are attached as Exhibit 1 to Knight’s Amended  
 21 Separate Statement of Material Facts and Exhibit 1 to the Dalen Declaration in support of Rohr’s  
 22 Opposition to Knight’s motion. See Doc. Nos. 67, 70-3.

23 “Clauses extending liability limitations take their name from an English case involving a  
 24 steamship called *Himalaya*.” *Norfolk Southern Ry.*, 543 U.S. at 20, citing *Adler v Dickson*, [1955] 1  
 Q. B. 158 (C. A.).

25 Section 6.3 of the applicable “Multimodal Transport or Port to Port Shipment Conditions”  
 26 provides: “In the event a claim or suit is brought against anyone participating in the performance of  
 27 the Carriage other than Carrier, that party is entitled to all exceptions, exemptions, defenses,  
 28 immunities, limitations of liability, privileges and conditions granted or provided by this document,  
 any applicable Tariff, and any law governing it or incorporated by reference into it as if the protected  
 party were a party to this document. These protected parties include, but are not limited to,  
 Subcontractors, stevedores, terminals, watching services, participating land, air, or sea carriers and  
 their direct or indirect subcontractors. Each of these parties is a third party beneficiary of this  
 document.” See Knight Ex. 1.

1 cannot claim third party beneficiary status under the contract of carriage.<sup>24</sup> Rohr  
 2 argues that Knight misstates Ms. West's deposition testimony, and as such, this  
 3 additional evidence requires no deviation from the Court's previous ruling denying  
 4 Knight's motion for partial summary judgment.

5 Knight moves for relief on grounds identical to those raised in its original  
 6 motion. The Court has already considered and ruled on the arguments and issues  
 7 set forth in Knight's current motion. The addition of Ms. West's deposition  
 8 testimony as supporting evidence is the only difference between the motions. As  
 9 such, the Court construes the current motion as a request for reconsideration of its  
 10 previous ruling denying relief on the basis of newly presented evidence.<sup>25</sup>

### 11 ***Legal Standard***

12 "[A] motion for reconsideration should not be granted, absent highly unusual  
 13 circumstances, unless the district court is presented with newly discovered  
 14 evidence, committed clear error, or if there is an intervening change in the  
 15 controlling law." *389 Orange Street Partners v. Arnold*, 179 F.3d 656, 665 (9th  
 16 Cir. 1999) (citation omitted). Motions for reconsideration are "not designed merely  
 17 to provide a dissatisfied litigant with additional opportunity to sway the Court."  
 18 *Teamsters Local 617 Pension and Welfare Funds v. Apollo Group, Inc.*, 282 F.R.D.  
 19 216, 232, 2012 U.S. Dist. LEXIS 45794 (D. Ariz. March 30, 2012); *Khan v.*  
 20 *Fasano*, 194 F. Supp. 2d 1134, 1136 (S.D.Cal. 2001) ("A party cannot have relief  
 21 under this rule merely because he or she is unhappy with the judgment.").

### 22 ***Discussion***

23 Knight does not contend that the Court clearly erred, nor does it identify a

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24 <sup>24</sup> The case docket reflects that Knight did not file a reply brief in response to Rohr's  
 25 opposition to its motion.

26 <sup>25</sup> The Court issued its ruling denying Knight's previous motion for partial summary judgment  
 27 on June 4, 2012. *See* Doc. No. 60. Knight filed the instant motion on July 31, 2012. *See* Doc. No.  
 28 64. The Court notes that Knight's motion was not timely filed, regardless of the construction. As  
 noted *supra*, the deadline for filing a summary judgment motion was June 15, 2012. Pursuant to Civil  
 Local Rule 7.1.i.2, a motion for reconsideration must be filed within twenty-eight (28) days after entry  
 of the order sought to be reconsidered.

1 change in the controlling law. Rather, Knight submits Ms. West's deposition  
 2 testimony as new evidence compelling the Court to reverse its previous ruling.  
 3 Evidence is not "newly discovered" if at the time of summary judgment it "could  
 4 have been discovered with reasonable diligence." *Wallis v. J.R. Simplot Co.*, 26  
 5 F.3d 885, 892 n. 6 (9th Cir. 1994); *see* Fed. R. Civ. P. 60(b)(2), (c)(1). Here, Knight  
 6 could have obtained Ms. West's testimony prior to moving for partial summary  
 7 judgment if it had exercised reasonable diligence in doing so, or had merely waited  
 8 until after the completion of expert discovery to file its motion. Therefore, Ms.  
 9 West's deposition testimony is not "newly discovered evidence" for purposes of a  
 10 motion for reconsideration. *Frederick S. Wyle Prof'l Corp. v. Texaco, Inc.*, 764  
 11 F.2d 604, 609 (9th Cir. 1985).

12 Even if the Court considers the evidence, Knight's motion is without merit.  
 13 Ms. West's deposition testimony does not establish beyond dispute that Bill 1703 is  
 14 a "through" bill of lading intended to cover both the oceanic and inland legs of the  
 15 first shipment of cargo. When asked whether she considered Bill 1703 to be a  
 16 through bill of lading, Ms. West responded, "[n]ot through to door but through to  
 17 port." *See Dalen Decl'n*, Ex. 17 (West Depo. at 141). Ms. West further indicated  
 18 that although UPS-SCS's price quote to Rohr included the cost of inland  
 19 transportation, Bill 1703 (referred to during her deposition intermittently as the  
 20 "ocean bill of lading") ended at the Port of Long Beach. *Id.* (West Depo. at 140).

21 In sum, Karen West's deposition testimony does not support Knight's  
 22 assertion that UPS-SCS issued a through bill of lading extending its liability  
 23 limitations to Knight as a third party beneficiary under COGSA. The proffered  
 24 testimony actually suggests the opposite, and it certainly does not entitle Knight to a  
 25 revised ruling in its favor. Accordingly, the Court **DENIES** Knight's motion.

#### 26 **ROHR'S MOTION FOR PARTIAL SUMMARY JUDGMENT**

27 Rohr moves for partial summary judgment against UPS-SCS and Knight as to  
 28 the following issues: (1) whether UPS-SCS is strictly liable for damages to cargo

1 during the subject shipments pursuant to Carmack; (2) whether Knight is strictly  
 2 liable for damages to cargo during the first shipment pursuant to Carmack; and (3)  
 3 whether liability for damages to cargo during the subject shipments is contractually  
 4 limited.

### 5 *UPS-SCS's Liability Under Carmack*

6 Rohr moves for summary judgment as to UPS-SCS's liability under Carmack.  
 7 Rohr argues that UPS-SCS acted as a carrier and/or freight forwarder with respect to  
 8 the shipments in dispute, and is subject to Carmack's statutory scheme of liability  
 9 for damage to cargo during inland transportation.<sup>26</sup> UPS-SCS contends that it has  
 10 no liability under Carmack. In arranging the logistics of the two shipments in  
 11 question, UPS-SCS argues that it acted as a customs broker only and therefore  
 12 liability under Carmack does not attach.<sup>27</sup>

13 First, Rohr argues that UPS-SCS acted as a motor carrier with respect to both  
 14 shipments. Under Carmack, a carrier is defined as "a motor carrier, a water carrier,  
 15 and a freight forwarder." 49 U.S.C. § 13102(3). A "motor carrier" is a "person  
 16 providing commercial motor vehicle transportation for compensation." *Id.* §  
 17 13102(14). Carmack requires carriers to issue a receipt or bill of lading for property  
 18 received for transportation, and holds carriers liable for actual loss or injury to the  
 19 property resulting from the transportation thereof in claims arising out of the receipt

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21 <sup>26</sup> While Carmack does not apply to brokers, it does not preempt state law claims against  
 22 brokers. *Commercial Union Ins. Co. v. Forward Air, Inc.*, 50 F. Supp. 2d 255, 257 (S.D.N.Y. 1999)  
 23 ("In short, this case requires the court to decide whether the Carmack Amendment, in omitting  
 24 reference to the liability of brokers for damage to shipped goods, intended to afford brokers total  
 25 immunity from such a suit. The Court concludes that the Carmack Amendment does not bar suits  
 against brokers."). Accordingly, if UPS-SCS is a carrier or freight forwarder, it is subject to liability  
 under Carmack. As a broker, however, UPS-SCS would not be subject to liability under Carmack,  
 and Rohr will have to seek relief through its negligence claims.

26 <sup>27</sup> In its opposition brief, UPS-SCS asserts that it acted as a customs broker in relation to the  
 subject shipments and argues that "[u]nder the undisputed facts, Carmack does not apply to UPS-SCS  
 27 as it was not a freight forwarder or motor carrier and is not liable under 49 U.S.C. § 14706." *See* Doc.  
 No. 72 at 19. However, UPS-SCS did not move for summary judgment on this issue. In fact, UPS-  
 28 SCS states in its reply brief in support of its own motion for partial summary judgment that "the  
 determination of the capacity in which UPS-SCS acted is a question of fact for the trier of fact." *See*  
 Doc. No. 73 at 3.

1 or bill of lading. 49 U.S.C. § 14706(a)(1); *Babcock & Wilcox Co. v. Kansas City S.*  
2 *Ry. Co.*, 557 F.3d 134, 137 (3d Cir. 2009). Rohr argues that the Delivery  
3 Instructions issued by UPS-SCS to Knight and CAL Modal/Look qualify as receipts  
4 or bills of lading for the inland transportation of the cargo; because UPS-SCS issued  
5 these documents, it is subject to liability as a carrier.

6 Secondly, Rohr argues “additionally, or alternatively,” that UPS-SCS acted as  
7 a freight forwarder in relation to the subject shipments. *See* Doc. No. 62-1 at 15. A  
8 “freight forwarder” is defined by statute as:

9 a person holding itself out to the general public . . . to provide  
10 transportation of property for compensation and in the ordinary course of  
11 its business (A) assembles and consolidates, or provides for assembling  
12 and consolidating, shipments and performs or provides for break-bulk and  
13 distribution operations of the shipments; (B) assumes responsibility for  
the transportation from the place of receipt to the place of destination; and  
(C) uses for any part of the transportation a carrier subject to jurisdiction  
under this subtitle.

14 49 U.S.C. § 13102(8). Rohr asserts that UPS-SCS holds itself out to the general  
15 public as a freight forwarder; it assumed responsibility for the “door to door”  
16 transportation of the damaged cargo; it used motor carriers for the inland  
17 transportation of the shipments; and, while it did not assemble, consolidate, or  
18 provide break-bulk for the two shipments, UPS-SCS routinely performs these  
19 services on other occasions.

20 UPS-SCS, on the other hand, puts forth evidence that it was acting as a  
21 broker. A broker is defined as “a person, other than a motor carrier or an employee  
22 or agent of a motor carrier, that as a principal or agent sells, offers for sale,  
23 negotiates for, or holds itself out by solicitation, advertisement, or otherwise as  
24 selling, providing, or arranging for, transportation by motor carrier for  
25 compensation.” 49 U.S.C. § 13102(2).

26 The Court cannot resolve as a matter of law whether UPS-SCS acted as a  
27 motor carrier, freight forwarder, or broker. According to Rohr, UPS-SCS held itself  
28 out as providing “door to door” transportation for the shipments, including

1 transportation to the final inland destination. *See, e.g.*, Dalen Decl’n, Ex. 9 (Nicely  
 2 email with subject header “FW: Logistics for 787 GE Tooling - OCEAN EXPORT  
 3 MIL–LAX (door Riverside, CA)”). The price quote for the first shipment, provided  
 4 to Rohr by the Italy pricing group of UPS-SCS, indicated “door to door” origin and  
 5 destination. *See* Dalen Decl’n, Ex. 11. “Door to door” delivery included an inland  
 6 leg with transportation by motor carrier, and UPS-SCS issued the relevant delivery  
 7 instructions to the hired trucking services. Thus, Rohr argues that UPS-SCS acted  
 8 as a motor carrier. *See* 49 U.S.C. § 14706(a)(1). But, as UPS-SCS points out, it did  
 9 not issue separate bills of lading for the inland transit of the cargo. Bills 1703 and  
 10 2550 were for “port to port shipments” and clearly stated the “final destination” of  
 11 each shipment of cargo as “door to CY [container yard].”<sup>28</sup> And, the price quote for  
 12 the second shipment indicated “port to port” as the origin and destination.  
 13 *See* Dalen Decl’n, Ex. 11.

14 Furthermore, Rohr’s own designated expert, Terry Morgan, testified during  
 15 deposition that UPS-SCS was not acting as a motor carrier in the movement of  
 16 either of the two shipments inland from the port.<sup>29</sup> *Morgan Depo* at 47-48. Morgan  
 17 opined that UPS-SCS acted as a freight forwarder and described the delivery  
 18 instructions issued by UPS-SCS for the inland portions of the shipments as  
 19 “receipts.” *Id.* at 78. Under Carmack, “[w]ith the consent of the freight forwarder,  
 20 a motor carrier may deliver property for a freight forwarder on the freight  
 21 forwarder’s bill of lading, freight bill, or shipping receipt to the consignee named in  
 22 it, and receipt for the property may be made on the freight forwarder’s delivery  
 23 receipt.” 49 U.S.C. § 14706(a)(2). UPS-SCS argues that the delivery instructions

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24  
 25 <sup>28</sup> However, UPS Europe SA – not UPS-SCS – issued the waybills, which arguably covered  
 26 only the oceanic legs of the shipments, as Rohr notes in opposition to Knight’s renewed motion for  
 partial summary judgment. *See* Dalen Decl’n, Ex. 12 (Nicely Depo. at 50); *see also* Doc. No. 70 at  
 12.

27 <sup>29</sup> The Morgan Deposition is attached as Exhibit 33 to the Declaration of Bruce Lindsay in  
 28 support of UPS-SCS’s opposition to Rohr’s motion for partial summary judgment and as Exhibit 2  
 to the Declaration of Lauren Komsa in support of Rohr’s reply to UPS-SCS’s opposition. *See* Doc.  
 Nos. 72-5; 74-2.



1 were in fact just that – delivery instructions. In addition, because it did not  
2 assemble or consolidate freight, or provide break-bulk in connection to either  
3 shipment, UPS-SCS contends that its services do not satisfy the statutory definition  
4 of freight forwarding. *See* 49 U.S.C. § 13102(8).

5 According to UPS-SCS, it acted as a broker with respect to the subject  
6 shipments. The services provided to Rohr with respect to both shipments included  
7 customs brokerage, as indicated in the price quotes. *See* Lindsay Decl’n, Ex. 4. As  
8 Rohr’s broker, UPS-SCS had the authority to hire motor carriers to transport cargo  
9 from the port to its final inland destination, which it exercised when it hired Knight  
10 and Look. The work statement attached as Appendix I to the CBSA anticipates that  
11 UPS-SCS would provide such services when acting as a customs broker.  
12 *See* Lindsay Decl’n, Ex. 1. For example, paragraph N of section 5 (Scope of Work)  
13 states: “Company shall prepare, and submit to carrier, inland bills of lading or pick-  
14 up delivery orders for prompt removal of merchandise from piers or cargo holding  
15 areas.” Paragraph O of section 5 provides, in pertinent part: “Company shall  
16 monitor inland carriers to ensure timely pick-up and delivery, and shall promptly  
17 notify the Goodrich Division which is the importer of record of any delays.”  
18 Following clearance of the cargo through U.S. Customs, UPS-SCS issued delivery  
19 instructions to the trucking services in accordance with the terms and conditions of  
20 the CBSA work statement.

21 In addition, UPS-SCS offers the testimony of expert Karen West, who opined  
22 during deposition that UPS-SCS acted as a broker. *See* Lindsay Decl’n, Ex. 35.  
23 UPS-SCS also attaches a bill of lading issued by CAL Modal with respect to the  
24 inland drayage of the second shipment.<sup>30</sup> The bill of lading lists UPS-SCS as the  
25 “broker” and references Bill 2550. The terms and conditions of the bill of lading  
26 state that CAL Modal is a “motor carrier.” In response, Rohr points out the CAL  
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28 <sup>30</sup> The CAL Modal bill of lading is attached as Exhibit 1 to the Declaration of Bruce Lindsay  
in support of UPS-SCS’s sur-reply in response to Rohr’s reply. *See* Doc. No. 75-3.



1 Modal's bill of lading was never issued, since UPS-SCS cancelled its arrangement  
2 with CAL Modal for the inland delivery of the second shipment.

3 The preceding discussion highlights only some of the numerous factual  
4 disputes that prevent the Court from determining whether UPS-SCS acted as a  
5 motor carrier, freight forwarder, or broker, on the basis of the current record.<sup>31</sup> The  
6 issue, ultimately, is one for the trier of fact. Accordingly, the Court **DENIES**  
7 Rohr's motion for partial summary judgment as to UPS-SCS's liability under  
8 Carmack.

9 Rohr also requests the Court find as a matter of law that UPS-SCS did not  
10 successfully limit its liability for the damages sustained by the subject cargo. As  
11 discussed in detail above, the Court finds that UPS-SCS fails to establish that its  
12 liability is limited by the MSA, the terms and conditions of which are inapplicable  
13 to the subject shipments. Accordingly, the Court **GRANTS IN PART** Rohr's  
14 motion for partial summary judgment as to this narrow issue. However, if a trier of  
15 fact eventually finds that UPS-SCS acted as a customs broker with respect to both  
16 shipments, UPS-SCS's liability will be limited pursuant to the terms and conditions  
17 of the CBSA.

### 18 ***Knight's Liability Under Carmack***

19 Rohr also moves for summary judgment as to Knight's liability under  
20 Carmack. Rohr contends that the following facts are undisputed: (1) Knight acted  
21 as a motor carrier with respect to the first shipment; (2) the cargo was delivered to  
22

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23 <sup>31</sup> Other courts have denied summary judgment where there are issues of fact as to whether an  
24 entity performed the services of a carrier or broker. *See, e.g., Consol. Freightways Corp. of Del. v.*  
25 *Travelers Ins. Co.*, 2003 U.S. Dist. LEXIS 26984, 2003 WL 22159468, at \*6 (N.D. Cal. Mar. 28,  
26 2003) (finding summary judgment inappropriate because triable issues of fact remained as to whether  
27 trade show producer was a carrier or a broker); *Hewlett-Packard Co. v. Brother's Trucking*  
28 *Enterprises, Inc.*, 373 F. Supp. 2d 1349, 1352 (S.D. Fla. 2005) (denying summary judgment because  
reasonable fact finder could find that the defendant acted as either a motor carrier or a broker where  
the defendant both arranged for transportation and also exerted some measure of control over the  
drivers); *Just Take Action, Inc. v. GST (Americas) Inc.*, 2005 U.S. Dist. LEXIS 8432, 2005 WL  
1080597, at \*5 (D. Minn. May 6, 2005) (denying summary judgment because triable issues of fact  
existed as to whether the defendant played "the role of broker or motor carrier" when it arranged for  
transportation with a separate motor carrier but also "drafted the bill of lading and directed how the  
shipment would take place").

1 Knight in good condition, but redelivered by Knight damaged; and (3) the damage  
2 occurred while Knight was in possession, custody, and control of the cargo. Rohr  
3 also requests the Court find as a matter of law that Knight's liability for damages to  
4 the first shipment of cargo is not limited by the terms and conditions referenced on  
5 UPS-SCS's delivery instructions and invoices.

6 Knight refers the Court to the arguments and evidence in support of its  
7 renewed motion for partial summary judgment.<sup>32</sup> Knight does not dispute that the  
8 subject cargo was damaged in a motor vehicle accident while it was being  
9 transported by Knight. However, Knight disputes Rohr's contention that Carmack  
10 applies to the inland drayage of the cargo. As discussed above, Knight contends  
11 that COGSA, not Carmack, provides the applicable statutory scheme of liability,  
12 and its liability is limited under COGSA by the terms and conditions of Bill 1703.

13 As Rohr notes in its opposition to Knight's motion, the Court previously held  
14 that genuine issues of fact preclude a finding that COGSA applies to limit Knight's  
15 liability in this case. Consistent with the finding that Knight fails to set forth  
16 sufficient grounds for reconsideration of this previous ruling, the Court declines to  
17 hold otherwise on the basis of the current record. Knight cannot be found liable  
18 under Carmack if the trier of fact ultimately finds that Knight was a third party  
19 beneficiary of the terms and conditions of Bill 1703 under COGSA.

20 Accordingly, the Court **DENIES** Rohr's motion for partial summary  
21 judgment as to Knight's liability under Carmack.

#### 22 CONCLUSION

23 For the reasons set forth above, the Court **GRANTS IN PART** and **DENIES**  
24 **IN PART** Defendant UPS Supply Chain Solution, Inc.'s motion for partial  
25 summary judgment, **DENIES** Defendant Knight Transportation, Inc.'s renewed  
26 motion for partial summary judgment, and **DENIES** Plaintiff Rohr, Inc.'s motion  
27

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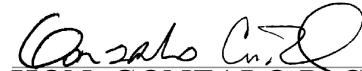
28 <sup>32</sup> Knight also states that "the Carmack Amendment has significant exceptions to liability, including misdescription of the cargo," but offers no explanation of, or support for, this proposition.

1 for partial summary judgment in substantial part.

2 Subsequent to the transfer of this case to the undersigned, all remaining  
3 deadlines and hearings set forth in the Court's amended scheduling order were  
4 vacated. *See* Doc. No. 82. In addition, the mandatory settlement conference  
5 previously set before the assigned magistrate judge was vacated. *See* Doc. No. 83.  
6 Accordingly, the Court instructs counsel for the parties to jointly contact the  
7 Chambers of Magistrate Judge William V. Gallo **within seven (7) calendar days**  
8 from the date this Order is filed, to discuss rescheduling the previously vacated  
9 settlement conference and/or scheduling a case management conference.

10 **IT IS SO ORDERED.**

11  
12 DATED: April 8, 2013

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14 HON. GONZALO P. CURIEL  
15 United States District Judge  
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